

S-E-C-R-E-T

Ans

4 November 1964

LA STAFF NOTE

SUBJECT: If Paz Does Go -- Please Omit Flowers

SUMMARY

The situation in Bolivia is still in flux, but it appears that additional military elements have shifted into opposition, that a junta is being formed, that civil war may be avoided and that Paz may soon leave the country. Of course nothing definitive can be said yet about the calibre or staying power of the government-to-be. We would argue, however, that the change is more likely to be a step forward than a step back. Paz, once effective as a reformer and skillful political manipulator has gradually lost his touch in both regards. He has been relying increasingly on a gestapo-like political police force to maintain himself in power; he has been remarkably adept at obtaining US economic aid, but Bolivia has managed to absorb this without showing any impressive accomplishments.

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1. Victor Paz Estenssoro came to power in 1952 as a result of a revolution which broke the long political and economic dominance of the Bolivian oligarchy. The reform movement he headed (MRR) initiated a fundamental political, economic and social revolution, with extensive US financial support, during his first term in office (1952-1956). From 1956 to 1960 Paz

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was out of the country (as Bolivian Ambassador to the United Kingdom) and under his lieutenant, President Hernan Siles Suazo, the Bolivian Revolution was consolidated, again with US financial assistance. In 1960 Paz returned and reasserted his domination of the MNR to secure renomination for president -- tantamount to re-election in Bolivia -- an action which caused the first important defection of MNR stalwarts who opposed Paz' return to power.

2. In 1952 the Bolivian Army, which had kept the Ancien Regime in power, was effectively destroyed. The new regime placed its dependence on armed peasant and miner militia forces and on the national police force that had fought with those militia forces against the army. Under Siles (1956-1960), the Bolivian Armed Forces were resurrected, reorganized and strengthened as a counterbalance to the militia groups' influence over the more conservative Siles administration. With US assistance the Armed Forces have moved a considerable distance along the road to becoming a professional rather than a praetorian military establishment. They have also become active in civic action programs -- a lever used by Air Force General Barrientos to promote his candidacy first for the MNR presidential nomination and

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than for the vice-presidency despite Paz' obvious opposition. While the key commanding officers of the Armed Forces -- until Barrientos -- have been carefully screened by Paz, the Armed Forces have preferred to keep out of day-to-day political support of Paz. At the same time Paz has relied chiefly on his police and peasant militia support to overawe and subdue any opposition that has arisen.

3. During his second term (1960-1964) Paz consolidated his hold on the party structure and government bureaucracy, using a gestapo-type political police force to quell any opposition. US aid continued to keep the Bolivian government solvent and in return Paz accepted various economic reforms proposed by the US AID Mission. It became quite clear that under Paz' second term the Revolution had reached its Thermidor. When he had the Constitution changed to permit his immediate re-election and persisted in his decision to retain power despite the open opposition of other major MRR leaders, Paz started a sequence of developments that now threatens to finish him.

4. It is regrettable that the US allowed itself to become so thoroughly identified -- and, within the past few days,

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re-identified -- with Paz. This does not provide an optimum starting point for useful relations with a successor government -- especially if that government includes Barrientos who got short-shrift from the US ambassador. Moreover, general resentment of the US posture may produce opportunities for the extreme left to exert influence on a new government considerably beyond what its limited numerical strength would ordinarily allow.

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